MONTANA LEGISLATIVE HISTORY

Chapter 135 19 83

Bill H 244 S _____ Original bill & history 1 C

H. Committee on Bus. & Ind.

Hearing Date(s) 1/25 1 C

_____ C

_____ C

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Date Out _____ C

S. Committee on Bus. Ind.

Hearing Date(s) 3/4 9 C

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Did this bill originate in an interim committee? ___ Yes 1 No

Committee _____ Report _____

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HEARING: 1/31/83
REPORT: 02/01/83, DO PASS
2ND READING: 02/03/83, DO PASS AYES: 85; NAYS: 0
3RD READING: 02/05/83, DO PASS AYES: 80; NAYS: 10

TRANSMITTED TO SENATE: 2/5/83
REFERRED TO COMMITTEE ON FINANCE & CLAIMS: 02/07/83
HEARING: 2/11/83
REPORT: 02/12/83, BE CONCURRED IN
2ND READING: 02/15/83 AYES: 49; NAYS: 0
3RD READING: 02/17/83 AYES: 50; NAYS: 0

RETURNED TO HOUSE: 02/17/83

TRANSMITTED TO GOVERNOR: 02/21/83
SIGNED: 2/22/83

HB 244 -- FABREGA, CHRISTIAENS -- LIMITING THE APPLICATION OF THE RULE OF 78THS METH OF COMPUTING INTEREST AND REFUNDS ON PREPAYMENT TO LOANS AND RETAIL INSTALLME CONTRACTS MADE FOR A TIME PERIOD OF NOT MORE THAN 61 MONTHS; AMENDING SECTIONS AND PROVIDING AN IMMEDIATE EFFECTIVE DATE AND AN APPLICABILITY CLAUSE.

INTRODUCED: 01/14/83
REFERRED TO COMMITTEE ON BUSINESS & INDUSTRY: 01/14/83
HEARING: 1/25/83
REPORT: 01/25/83, DO PASS, AS AMENDED
2ND READING: 01/27/83, DO PASS AYES: 90; NAYS: 1
3RD READING: 01/29/83, DO PASS AYES: 88; NAYS: 0

TRANSMITTED TO SENATE: 1/29/83
REFERRED TO COMMITTEE ON BUSINESS & INDUSTRY: 01/31/83
HEARING: 3/4/83
REPORT: 03/04/83, BE CONCURRED IN
2ND READING: 03/07/83 AYES: 48; NAYS: 0
3RD READING: 03/09/83 AYES: 49; NAYS: 0

RETURNED TO HOUSE: 03/10/83

TRANSMITTED TO GOVERNOR: 03/15/83
SIGNED: 3/18/83, CHAPTER 135

HB 245 -- ADDY, J. JENSEN, BERGENE -- TO EXPAND THE GEOGRAPHICAL AREA THAT MAY COVERED BY CONTRACTS NOT TO COMPETE AND TO PROVIDE THAT SUCH CONTRACTS MAY NOT COV LICENSED PROFESSIONS AND OCCUPATIONS; AMENDING SECTIONS ....

INTRODUCED: 01/14/83
REFERRED TO COMMITTEE ON JUDICIARY: 01/14/83
HEARING: 1/18/83
REPORT: 01/18/83, DO PASS, AS AMENDED
2ND READING: 01/21/83, DO PASS AYES: 91; NAYS: 3
3RD READING: 01/24/83, DO PASS AYES: 92; NAYS: 7

TRANSMITTED TO SENATE: 1/24/83
REFERRED TO COMMITTEE ON JUDICIARY: 01/25/83
HEARING: 2/7/83
REPORT: 02/08/83, BE NOT CONCURRED IN

240 Introduced by Hansen: A bill for an act entitled: "An act to cha... the protest provision for the adoption of county zoning dist... from 40 percent to 60 percent of the freeholders in the dist... amending section 76-2-205, MCA."

House Page No. 87, 228, **252.**

241 Introduced by Spaeth: A bill for an act entitled: "An act requi... reports from operators of mobile home parks of movements ... mobile homes; and providing penalties."

House Page No. 87, 208, **230.**

242 Introduced by Brand, J. Jensen, Driscoll, Donaldson, Darko: A bi... for an act entitled: "An act to increase to $400 the maxim... credit allowed in computing the residential property tax cre... for the elderly; amending section 15-30-176, MCA."

House Page No. 87, 149.

243 Introduced by Asay, Iverson, Jacobsen, Graham, Winslow, Ra... (By request of the Office of the Governor): A bill for an a... entitled: "An act to appropriate funds to the Indian legal ju... diction program in the office of the governor for the fiscal ye... ending June 30, 1983; and providing an immediate effec... date."

House Page No. 87, 349, 371, **408,** 425, **470,** 799, 852, 872, 938, ...

Senate Page No. 293, 294, 387, **429, 469,** 577.

244 Introduced by Fabrega, Christiaens: A bill for an act entitled: "A... act limiting the application of the rule of 78ths method of com... puting interest and refunds on prepayment to loans and ... installment contracts made for a time period of not more ... 61 months; amending sections 31-1-242 and 32-5-301, MCA; ... providing an immediate effective date and an applicab... clause."

House Page No. 87, 218, 225, **260,** 275, **315,** 1280, 1329, 1330, ... 1361, 1414.

Senate Page No. 201, 202, 695, **749, 780,** 857.

245 Introduced by Addy, J. Jensen, Bergene: A bill for an act entitled: ... "An act to expand the geographical area that may be cover... by contracts not to compete and to provide that such con... may not cover licensed professions and occupations; amend... sections 28-2-704 and 28-2-705, MCA."

House Page No. 87, 117, 129, 154, **165,** 177, **202,** 535, 563, 564, ... **1839, 1891,** 1979, 1998, 2028, 2079.

Senate Page No. 146, 147, **310, 327,** 361, 829, **864, 915,** 1308, ...

246 Introduced by Mueller, Thoft, Nilson, Etchart, Boylan, Haffey ... request of the Task Force on Corrections): A bill for an ... entitled: "An act to provide for staggered terms for mem... of the board of pardons; amending section 2-15-2302, MCA;

HOUSE BILL NO. 244

INTRODUCED BY FABREGA, CHRISTIAENS

IN THE HOUSE

January 14, 1983	Introduced and referred to Committee on Business and Industry.
January 25, 1983	Committee recommend bill do pass as amended. Report adopted.
January 26, 1983	Bill printed and placed on members' desks.
January 27, 1983	Second reading, do pass.
January 28, 1983	Considered correctly engrossed.
January 29, 1983	Third reading, passed. Transmitted to Senate.

IN THE SENATE

January 31, 1983	Introduced and referred to Committee on Business and Industry.
March 4, 1983	Committee recommend bill be concurred in. Report adopted.
March 7, 1983	Second reading, concurred in.
March 9, 1983	Third reading, concurred in. Ayes, 49; Noes, 0.

IN THE HOUSE

March 9, 1983	Returned to House.

March 10, 1983

Sent to enrolling.

Reported correctly
enrolled.

TRODUCED BY House BILL NO. 244
George Christiaens

BILL FOR AN ACT ENTITLED: "AN ACT LIMITING THE PLICATION OF THE RULE OF 78THS METHOD OF COMPUTING TEREST AND REFUNDS ON PREPAYMENT TO LOANS AND RETAIL STALLMENT CONTRACTS MADE FOR A TIME PERIOD OF NOT MORE AN 61 MONTHS; AMENDING SECTIONS 31-1-242 AND 32-5-301, A; AND PROVIDING AN IMMEDIATE EFFECTIVE DATE AND AN PLICABILITY CLAUSE."

IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

Section 1. Section 31-1-242, MCA, is amended to read:

"31-1-242. Refunds on prepayment. (1) Notwithstanding e provisions of any retail installment contract to the ntrary, any buyer may prepay in full, at any time before turity, the debt of any retail installment contract and in paying such debt shall receive a refund credit thereon r such anticipation of payments.

(2) In a contract where the period of the contract es not exceed 61 months, the ~~The~~ amount of such refund all represent at least as great a proportion of the nance charge as the sum of the monthly time balances ginning 1 month after prepayment is made bears to the sum all the monthly time balances under the schedule of payment in the contract. Where the amount of credit is less than $1, no refund need be made."

Section 2. Section 32-5-301, MCA, is amended to read:

"32-5-301. Charges, refunds, penalties, filing fees. (1) Every licensee hereunder may contract for and receive on any loan of money not exceeding $1,000 in principal amount:

(a) charges at rates not in excess of $20 per year per $100 on that part of the principal amount of the loan not exceeding $500;

(b) $16 per year per $100 on that part of the principal amount of the loan exceeding $500 but not exceeding $1,000.

(2) The holder of a supplementary license may contract for and receive charges at rates authorized for licensees in subsection (1) for the first $1,000 of the principal amount of any loan and may contract for and receive charges at rates not in excess of $12 per year per $100 on that part of the principal amount of any loan exceeding $1,000 but not exceeding $7,500.

(3) Charges in (1) and (2) shall be computed at the applicable rates on the full, original principal amount of the loan from the date of the loan to the due date of the final scheduled installment irrespective of the fact that the loan is payable in installments. Said charges shall be added to the principal of the loan and shall not be

discounted or deducted therefrom or paid or received at the time the loan is made. For the purpose of computing charges for a fraction of a month, a day shall be considered one-thirtieth of a month.

(4) On loans of $90 or less a licensee may charge, in lieu of charges specified in (1) of this section, not in excess of $1 for each $5 of cash or credit advanced to the borrower up to the amount of $90. A period of at least 15 days must be allowed for the repayment of each $5 cash or credit advanced. Such charges cannot be assessed by any subterfuge or device on any loan over $90 or on any balance of $90 or less when the original loan was greater than $90.

(5) When any loan contract, new loan, renewal, or otherwise, <u>for a period of not more than 61 months</u> is paid in full by cash 1 month or more before the final installment date, the licensee shall refund or credit the borrower with that portion of the total charges which shall be due the borrower as determined by schedules prepared under the rule of 78ths or sum of the digits principle as follows: the amount of the refund or credit shall be as great a proportion of the total charges originally contracted for as the sum of the consecutive monthly balances of the contract scheduled to follow the date of prepayment bears to the sum of all the consecutive monthly balances of the contract, both sums to be determined according to the payment schedule

originally contracted for.

(6) If the contract so provides, the additional charge for any amount past due according to the original terms of the contract, whether by reason of default or extension agreement, may be 5% of the amount past due, and said amount may be charged once and no more.

(7) (a) The licensee may include in the principal amount of any loan the actual fees paid a public official or agency of the state for filing, recording, or releasing any instrument securing the loan.

(b) The licensee may include in the principal amount of any loan bona fide charges related to real estate security and paid to third parties, including:

(i) fees or premiums for title examination, title insurance, or similar purposes, including survey;

(ii) fees for preparation of a deed, settlement statement, or other documents;

(iii) fees for notarizing deeds and other documents;

(iv) appraisal fees;

(v) fees for credit reports; and

(vi) fees paid to a trustee for release of a trust deed.

(8) No further or other charges shall be directly or indirectly contracted for or received by any licensee except those specifically authorized by this chapter. No licensee

divide into separate parts any contract made for the of or with the effect of obtaining charges in excess e authorized by this chapter. All balances due to a e from any person as a borrower or as an endorser, or, or surety for any borrower or otherwise or due ny husband or wife, jointly or severally, shall be red a part of any loan being made by a licensee to erson for the purpose of computing interest or . If any amount in excess of the charges permitted by apter is charged, contracted for, and received, as the result of an accidental and bona fide error of tion, the licensee shall have no right to collect or any charges.

9) On any loan of money exceeding $7,500 in principal , a licensee may not make charges as provided in tions (1) and (2) but shall make charges in accordance the provisions of this subsection through subsection

10) On any loan of money exceeding $7,500 but not ing $25,000 in principal amount, a licensee may ct and receive charges at a rate not in excess of 2% nth on the principal amount as follows:

a) Charges shall be computed on unpaid balances of incipal amount outstanding from time to time for the time outstanding. Each payment shall be applied

first to accumulated charges and the remainder of the payment applied to the unpaid principal balance, except that if the amount of the payment is insufficient to pay the accumulated charges, unpaid charges continue to accumulate to be paid from the proceeds of subsequent payments and are not added to the principal balance.

(b) Charges made under this subsection may not be payable in advance or compounded. However, if part or all of the consideration for a new loan contract is the unpaid principal balance of a prior loan, the principal amount payable under such new loan contract may include any unpaid charges which have accrued. The resulting loan contract is a new and separate loan transaction for all purposes. The principal balance of a prior loan on which charges have been made pursuant to subsections (1) and (2) is the balance due after refund or credit is given to the borrower pursuant to subsection (5).

(11) For purposes of computing charges for a fraction of a month, a day is considered one-thirtieth of a month.

(12) The provisions of subsections (5) and (6) do not apply to loans made under subsections (9) through (11).

(13) The amounts of $90, $500, $1,000, $7,500, and $25,000 in subsections (1), (2), (4), (9), and (10) are subject to change pursuant to the provisions of 32-5-104 on adjustment of dollar amounts."

NEW SECTION. Section 3. Limitation of rule of 78ths. The sum of the monthly time balances method of computing interest or refunds on prepayment, which is also known as the rule of 78ths, may not be used in any loan agreement or retail installment contract unless the term of the loan or contract does not exceed 61 months.

NEW SECTION. Section 4. Effective date. This act is effective on passage and approval.

NEW SECTION. Section 5. Applicability. This act applies only to loan agreements and installment contracts entered into after the effective date of this act.

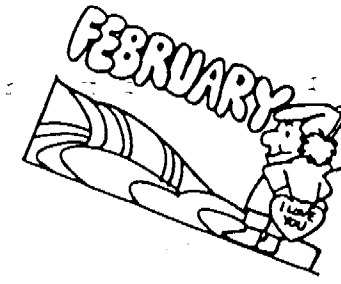
-End-

HOUSE BUSINESS & INDUSTRY COMMITTEE

REP. JERRY METCALF, CHAIRMAN
REP. BOB PAVLOVICH, VICE-CHAIRMAN

REP. BOB BACHINI
REP. BOB ELLERD
REP. ORVAL ELLISON
REP. JAY FABREGA
REP. STELLA JEAN HANSEN
REP. HAL HARPER
REP. MARJORIE HART
REP. RAMONA HOWE
REP. RAY JENSEN
REP. MIKE KADAS
REP. LES KITSELMAN
REP. RAY LYBECK
REP. GERALD NISBET
REP. GLENN SAUNDERS
REP. JIM SCHULTZ
REP. NORM WALLIN

Legislative Council - Paul Verdon
Secretary - Linda Palmer



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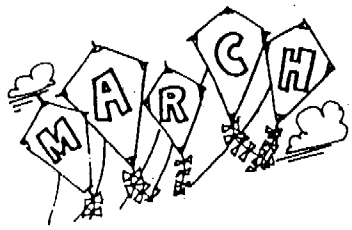

48th LEGISLATIVE SESSION

STATUS SHEET

BUSINESS & INDUSTRY COMMITTEE

48 Legislature

Bill No.	Subject Matter	Date In	Sponsor	Hearing Date	Committee Action	Date Out
HB 213	Requiring developer of condo owning a controlling interest to notify buyers of that interest	1-14	Dozier	1-25	Do Pass Amended	1-28
HB 219	When registration of an assumed business name is prohibited	1-14	Hannah	1-21	Do Pass	1-21
HB 229	Revise laws relating to business & non profit corporations	1-14	Ramirez	1-24	Do Pass	1-24
HB 236	Exempting car pools from regulation as motor carriers	1-14	Dozier	1-21	Do Pass	1-21
HB 244	Limiting the rule of 78ths method of computing interest and refunds on prepayment loans	1-14	Fabrega	1-25	Do Pass	1-25
HB 249	Eliminate the requirement that a store obtain a store license	1-14	Sales	1-24	Do Not Pass	1-24

Form CS-32

HOUSE BILL 244

REP. JAY FABREGA, District 44, sponsor, opened by saying this bill will eliminate the rule of 78ths which is a problem when you get into long term contracts. This bill amends the Montana Retail Installment Sales Act and the Montana Consumer Loan Act to require that upon prepayment in full of any contract originally written for a period of not more than 61 months the buyer shall receive a refund equalling the proportion that the finance charges or interest due on the prepayment bear to the total of such charges under the contract. He said they looked at Idaho, Utah and Washington and they are limiting it to 61 months, which gives leeway for repayment which might start on the 15th of the month.

PROPONENTS:

JERRY LOENDORF, Montana Consumer Finance Association, said the rule of 78ths was originally used to finance items like automobiles which cost $3,000. The rule of 78ths provided a method of refund and was designed for smaller, short-term loans. If you make a long term, larger loan and its paid off in the early months, you will get some bad results. This bill does not provide a substitute method of computation, therefore, we have presented an amendment to accomplish this.

JOHN CADBY, Montana Bankers Association, said his organization supports this bill.

OPPONENTS: none

QUESTIONS:

REP. ELLISON: What is the advantage of the rule of 78ths? Mr. Loendorf: The only advantage is the ease in computation. Mr. Fabrega: They didn't have the computers we have today and it was an easy method of computation. It will probably never be used again now that we have the computers. Mr. Cadby: Computers are replacing the rule of 78ths. Small communities don't have a micro-computer and they still need this. REP. METCALF: Mr. Loendorf, would you explain the amendment for us? Mr. Leondorf: It is two amendments - the first saying any contract where the contract exceeds 61 months, you use the acturial method, based on the assumption that all payments were made as originally scheduled. So in effect, we have interest times principle times rate times time....that is what all of this means. REP. METCALF: Assume someone has a 20 year loan and paid it off in five years with interest. Basically, if they have prepaid the rest of that loan, they wouldn't be charged a penalty or they wouldn't receive back much because they were current with the agreement. Mr. Loendorf: They would come back and recompute

the loan as if it were made on an actuarial basis. Rep. Metcalf: Would they net out getting a little bit more or paying a little bit more? Mr. Loendorf: They would get the same as if it had been made on an actuarial basis. Rep. Fabrega: When you pre-pay early, you actually pay less.
REP. HARPER: What I'm worried about is if you can figure them down to thousandths and you've got the word "may" in there; if he is to benefit he'll round it and if he doesn't, he won't round it. Do you have any objection to being more specific with that? Mr. Leondorf: None at all.
REP. METCALF: When you say the actuarial method of computing... would that be the same thing as simple interest? Mr. Leondorf: Yes.

HOUSE BILL 338

REP. JAY FABREGA, District 44, sponsor, opened by saying this bill amends the Montana Consumer Loan Act to remove the ceiling of $25,000 on loans made under the applicable laws and to allow holders of supplementary licenses to make open-end loans of any amount. He said if someone needs $27,000 they have to get $25,000 from one company and the other $2,000 from another. The $25,000 limit seems to serve no purpose, he said.

PROPONENTS:

JERRY LEONDORF, Montana Consumer Finance Association, said each Legislature they have to ask that the limit be raised. He continued that they see no reason for a limit and we should go with what is going on nationally.

OPPONENTS: none

QUESTIONS:

REP. SCHULTZ: In a certain situation, would someone have a 24 percent interest put on them? Mr. Leondorf: The highest consumer loan in this town is at 19 percent, but that could go to 24 percent.

HOUSE BILL 339

REP. JAY FABREGA, District 44, sponsor, opened by saying this bill will allow licensees to sell their business and assets to a financial institution not licensed under that act but regulated by the state or federal government.

JERRY LEONDORF, Montana Consumer Finance Association, said finance companies have decreased in this state from 130 to approximately 32. There are not many buyers left. The consumer finance companies lost money in this state in 1981 and I suspect they will have lost in 1982, he said. This bill would open up a new group of buyers.

OPPONENTS: none

QUESTIONS: none

EXECUTIVE SESSION:

REP. FAGG made the motion that HOUSE BILL 339 DO PASS.
Question:
The motion that HOUSE BILL 339 DO PASS carried unanimously with Rep. Ellison abstaining.

REP. JENSEN made the motion that HOUSE BILL 338 DO PASS.
Question:
The motion carried by unanimous vote with Rep. Ellison abstaining.

HOUSE BILL 244:
REP. FABREGA: I suggest that we give our legal council a chance to look over the amendment and come up with the proper language.
REP. HANSEN: Jay, there is no ceiling made on the amount of the loan only on the 61 months? Rep. Fabrega: That's right.
REP. METCALF: If rounding the annual percentage rate to the nearest onehalf of one percent wasn't included, what method would be used? Mr. Leondorf: They wouldn't round it. They would use the normal procedure of going to the fourth decimal point. I would suggest that you strike that line and let them do it the way they normally would.
REP. HARPER: I move that we delete the two lines from the amendment on rounding out annual percentage rates.
Question: The motion carried unanimously.
REP. HARPER: I move the amendment with whatever Paul can figure out language-wise.
REP. METCALF: Mr. Leondorf: Is there a reason why there is different language in the two paragraphs? Mr. Leondorf: They can be made uniform.
Question: The motion carried unanimously.
REP. HARPER: I move HOUSE BILL 244 DO PASS AS AMENDED.
Question: The motion carried unanimously with Rep. Ellison abstaining.

HOUSE BILL 213

REP. METCALF: We need to defin "prospective buyer" to tighten this bill up. Rep. Kitselman: If they have placed earnest money down that should clarify. Rep. Hansen: I think there should be something to protect the client and the agent from [illegible]. The agent has the ability to sort them out.

STANDING COMMITTEE REPORT

January 25 19 83

MR. Speaker:

We, your committee on BUSINESS & INDUSTRY

having had under consideration HOUSE Bill No. 244

first reading copy (white color)

A BILL FOR AN ACT ENTITLED: "AN ACT LIMITING THE APPLICATION OF THE RULE OF 78THS METHOD OF COMPUTING INTEREST AND REFUNDS ON PREPAYMENT TO LOANS AND RETAIL INSTALLMENT CONTRACTS MADE FOR A TIME PERIOD OF NOT MORE THAN 61 MONTHS; AMENDING SECTIONS 31-1-242 AND 32-5-301, MCA; AND PROVIDING AN IMMEDIATE EFFECTIVE DATE AND AN APPLICABILITY CLAUSE."

Respectfully report as follows: That HOUSE Bill No. 244

Be amended as follows:

Title, line 8
Following: "MONTHS;"
Insert: "AND PROVIDING FOR REFUND OR CREDIT ON PREPAYMENT ON LOANS OR CONTRACTS EXCEEDING 61 MONTHS;"

Page 2, following line 2:
Insert: "(3) In any contract where the period of the contract exceeds 61 months, the amount of such refund is the portion of the original finance charge that is applicable to all fully unexpired months in the contract as originally scheduled or if deferred, as deferred, following the date of prepayment. For this purpose, the applicable charge is the charge that would have been earned for that period, if the contract were not precomputed, by applying to the unpaid principal balance, according to the actuarial method, the annual percentage rate disclosed pursuant to federal law, based on the assumption that all payments were made as originally scheduled."

~~DO PASS~~ Page 3, line 13
Following: "(5)"
Insert: "(a)"

Chairman.

STATE PUB. CO.
Helena, Mont.

COMMITTEE SECRETARY

JANUARY 25 19 83

Page 4, following line 1
Insert: "(b) When any loan contract, new loan, renewal, or otherwise, for a period of more than 61 months, is paid in full by cash one month or more before the final installment date, the licensee shall refund or credit the borrower with that portion of the total charges that is due the borrower that is applicable to all fully unexpired months in the contract as originally scheduled or if deferred, as deferred, following the date of prepayment. For this purpose the applicable charge is the charge which would have been earned for that contract, if charges had not been precomputed, by applying to the unpaid principal balance, by the actuarial method, the annual percentage rate disclosed pursuant to federal law based on the assumption that all payments were made as originally scheduled. For all loans that may be subject to this section, charges are computed initially in the same manner used to determine the annual percentage rate."

AND AS AMENDED
DO PASS

JERRY METCALF
Chairman.

VISITORS' REGISTER

HOUSE B+I COMMITTEE

BILL 244 Date 1-25

SPONSOR Fabrega

NAME	RESIDENCE	REPRESENTING	SUP-PORT	OP-POSE
Jean T Cowdrey	Helena	Montana Consumer Finance Assoc	✓	
DENNIS L. GREEN	KALISPELL	MONTANA CONSUMER FINANCE ASS. MCFA / Budget Finance	✓	
PAUL S. BROOKS	CASCADE	Montana Consumer Finance	—	
JOHN CRABB	HELENA	MT CHAMBERS ASSN	✓	

IF YOU CARE TO WRITE COMMENTS, ASK SECRETARY FOR LONGER FORM.

PLEASE LEAVE PREPARED STATEMENT WITH SECRETARY.

Form CS-33
1-81

48th LEGISLATIVE SESSION

COMMITTEE ON BUSINESS AND INDUSTRY

HOUSE BILL NO.	ENTERED COMM.	DATE CONSIDERED	OUT OF COMM.	DO PASS DATE	DO NOT PASS DATE	DO PASS AS AMEND. DATE	BE CONCURRED IN DATE	BE CONC. IN AS AMENDED DATE	BE NOT CONCURRED IN DATE
HB 244	1-31-83	3-4-83	3-4-83				3-4-83		
HB 253	1-29-83	2-11-83	2-11-83				2-11-83		
HB 267	2-1-83	3-9-83	3-9-83					3-9-83	
HB 290	2-16-83	~~3-18-83~~ 3-19-83	3-19-83						3-19-83
HB 338	1-31-83	3-4-83	3-4-83				3-4-83		
HB 339	1-31-83	3-4-83	3-4-83				3-4-83		
HB 347	1-29-83	2-4-83	2-4-83					2-4-83	
RETURNED HB 347	2-7-83	2-7-83 2-8-83	2-8-83					2-8-83	
HB 358	2-14-83	3-19-83	3-19-83				3-19-83		
HB 363	2-8-83	3-8-83	3-8-83					3-8-83	
HB 364	2-8-83	3-8-83	3-8-83					3-8-83	
HB 371	3-2-83	3-22-83	3-22-83				3-22-83		
HB 445	3-1-83		3-3-83	S E N T T O		P U B L	I C H E A	L T H	
HB 451	3-2-83	~~3-16-83~~ 3-18-83	3-18-83						3-18-83
HB 464	2-8-83	3-14-83	3-14-83				3-14-83		
RETURNED HB 464	3-16-83	3-21-83	3-21-83						3-21-83

Use a separate sheet for Senate, House Bills, and Resolutions.

The hearing was closed on House Bill 338.

ACTION ON HOUSE BILL 338: Senator Goodover made the motion that House Bill 338 Be Concurred In. Senator Lee seconded the motion.

The Committee voted unanimously, by voice vote, with the exception of Senator Regan who was excused that HOUSE BILL 338 BE CONCURRED IN.

CONSIDERATION OF HOUSE BILL 244: An act limiting the application of the rule of 78ths method of computing interest and refunds on prepayment to loans and retail installment contracts made for a time period of not more than 61 months; providing for refund or credit on prepayment on loans or contracts, exceeding 61 months; and providing an immediate effective date and an applicability clause.

Senator Chris Christiaens also presented this bill to the committee. He stated this bill has been requested primarily by the mobile home industry in which you can be purchasing a home for $25 - $30,000 or more. Under the rule of 78 there has been instances where with a credit life policy when a death has occurred under age 65, the consumer has ended up owing more than what they originally financed. This would also include consumer purchases from other states. The only time it causes a problem is with the larger loans and longer terms. There is a great need for this bill.

PROPONENTS TO HOUSE BILL 244: Ed Sheehy, Jr., Montana Manufactured Housing Association, stated we are here in support of this bill because if someone prepays a mobile home loan they are being penalized. We do not want to stop people from prepaying loans and by doing that we can sell more mobile homes.

Jerry Loendorf, representing Montana Consumer Financing Associations, stated they would support this bill. What has happened in the past as the prices of those articles went up if you extended those ten years or more and they wanted to pay off early they can end up owing more than what they originally started out with. It does not work when you talk about long term loans.

There were no further proponents and no opponents.

QUESTIONS FROM THE COMMITTEE: Senator Fuller asked what does 78 mean? Dennis Green stated 78th is nothing more than a calculated factor of months. If you total 1 through 12 that totals up to 78.

ACTION ON HOUSE BILL 244: Senator Lee made the motion that House Bill 244 Be Concurred In. Senator Dover seconded the motion.

The Committee voted unanimously, by voice vote, with the exception of Senator Regan that HOUSE BILL 244 BE CONCURRED IN. Senator Christiaens will carry these three bills on the floor.

ADJOURN: There being no further business, the meeting adjourned at 10:30 a.m.

Allen C. Kolstad

ALLEN C. KOLSTAD, CHAIRMAN

ROLL CALL

BUSINESS AND INDUSTRY COMMITTEE

48th LEGISLATIVE SESSION -- 1983 DATE 3-4-83

NAME	PRESENT	ABSENT	EXCUSED
PAUL F. BOYLAN	✓		
B. F. CHRIS CHRISTIAENS	✓		
HAROLD L. DOVER	✓		
DAVID FULLER	✓		
DELWYN GAGE	✓		
PAT M. GOODOVER	✓		
GARY P. LEE, VICE CHAIRMAN	✓		
PAT REGAN			✓
PAT M. SEVERSON	✓		
ALLEN C. KOLSTAD, CHAIRMAN	✓		

STANDING COMMITTEE REPORT

March 4 19 83

MR. PRESIDENT

We, your committee on BUSINESS AND INDUSTRY

having had under consideration HOUSE Bill No. 244

FABREGA (CHRISTIAENS)

Respectfully report as follows: That HOUSE Bill No. 244

BE CONCURRED IN

~~XXXXXX~~
~~DO PASS~~

ALLEN C. KOLSTAD, Chairman.

STATE PUB. CO.
Helena, Mont.

DATE

COMMITTEE ON BUSINESS & INDUSTRY

VISITORS' REGISTER

NAME	REPRESENTING	BILL #	Check One: Support	Check One: Oppose
Joe H. Irwin	Montana Consumer Finance Assn	338 339 244	X	
Greg W. De Haan	Beneficial Mgmt. Corp.	"	X	
PAUL E. BROOKS	" "	"	X	
DENNIS L. GREEN	Budget FINANCE AND MONTANA Consum Finance Asso	338 339	X	
Greg Jakobsen	Mt. Consumer Finance Assn	H 338, H 339, H 244	✓	
Jean Pratt	Household Finance Corp.	338 339 244	✓	
Ed Heckathorn	Mt Manufactured Housing Assn	244	✓	

(Please leave prepared statement with Secretary)

(This sheet to be used by those testifying on a bill.)

NAME: Jerry T. Loendorf DATE: 3-4-83

ADDRESS: Helena, Mt.

PHONE: 442-8350

REPRESENTING WHOM? Mt. Consumer Finance Assn

APPEARING ON WHICH PROPOSAL: H 339, H 338 & H 244

DO YOU: SUPPORT? ✓ AMEND? _____ OPPOSE? _____

COMMENT:

PLEASE LEAVE ANY PREPARED STATEMENTS WITH THE COMMITTEE SECRETARY.